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SUMMARY

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- 5. Soviet authorities increase pressure on Austrian economy (page 6).
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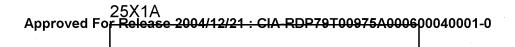
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FAR EAST

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1.	Burmese Socialists favor Chinese Communist attack on Nationalists:	
25X1A	The Burmese Socialist Party, including its Secretary General, U Ba Swe, is said to be determined to accept the aid of "other friendly powers," in other words, the Chinese Communists, to drive Li Mi's Nationalist troops from Burma. The "inactivity of the Anglo-American powers" leaves no other course, in the opinion of the Socialists.	
	The Socialists are reported to believe that Burmese neutrality would not be compromised since this military assistance would be rendered at Burma's invitation.	
•	The American Embassy in Rangoon comments that since the possibility of a Chinese Communist attack on the Nationalists in Burma clearly exists, the Burmese may prefer to offer an invitation prior to the Chinese Communists' entry.	
	Comment: The Burmese Commander- in-Chief, Ne Win, recently told the American military attache he favored evacuation of the Nationalists through Rangoon and believed the Burmese Government would accept his views in the matter.	
· · · · · · · · · · · · · · · · · · ·	The recent elections in Burma have considerably strengthened the Socialist Party. Reports have been received that when Parliament convenes on 3 March the party plans to force a Cabinet shake-up which will give it almost complete control.	
2	Burmese pro-Communists would aid attack on Chinese Nationalists:	
25X1A	Peasants Party promised assistance in any Burmese Government campaign against	25X1 25X1
	the Chinese Nationalist troops in northeast Burma. It is also reportedly seeking a similar declaration of cooperation from the insurgent Burma Communist Party.	

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Meanwhile, Karen permission is being sought by the Burmese Communist Party to send troops through Karen territory in order to attack the Nationalists.

The Burmese Government has already permitted the Workers and Peasants Party to propagandize the Nationalist issue fully, even to the extent of using trucks with loudspeakers in Rangoon to attract volunteers for a special brigade to be used against Li Mi's forces. Proffered cooperation of the Workers and Peasants Party in a campaign against the Chinese intruders may be expected to obtain considerable support from influential leftists in the Burmese Government.

NEAR EAST - AFRICA

3. Pakistan to sponsor Tunisian petition to UN Security Council:

The Pakistani delegate to the United Nations has informed a member of the Secretariat that Pakistan will ask the President of the Security Council to place the Tunisian issue on the agenda and to call a meeting in March. A subcommittee composed of the Pakistani, Indian, Indonesian and Yemeni delegates is preparing the documentation.

In general, the Arab-Asian nations have not been enthusiastic sponsors of the Tunisian case; they are assuming the responsibility of presenting it in order to maintain Moslem solidarity.

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4. Greek Prime Minister alleges US support of opposition weakens government:

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Deputy Prime Minister Venizelos has informed Secretary of State Acheson that many Greeks feel that the United States is supporting opposition leader Marshal Papagos and that this impression

is making it "practically impossible" for the present government to carry on. Venizelos suggested that the present government should be allowed to continue without interference or that a new three party coalition including Papagos should be formed.

Venizelos attempted to minimize the importance of the purge of pro-Papagos army officers and told Acheson that he had already assured the chief of the American Military Mission that the removal of former Inspector General Kitrilakis would be cancelled if the United States wished.

Venizelos added that a Liberal attempt to restrict the release of political prisoners would be difficult since it would be construed by Prime Minister Plastiras as a violation of the Liberal-EPEK agreement made when the government was formed.

Comment: Prime Minister Plastiras' return to health seems to have stiffened Liberal -EPEK determination to stay in power as long as possible. Venizelos has apparently now decided that the best method of recouping Liberal fortunes lies in continued partnership with Plastiras.

His interview with the Secretary of State, called at his own initiative, appears to be another attempt to weaken Papagos. The US Embassy in Athens reports that Venizelos' statement concerning cancellation of the order removing General Kitrilakis was a "flat falsehood."

WESTERN EUROPE

5. Soviet authorities increase pressure on Austrian economy:

Additional evidence of mounting Soviet pressure on the Austrian economy and increased efforts to exploit Austria for scarce materials were noted by the American Joint Indications Committee last week. Since I February, Soviet delay in issuing permits for industrial goods and raw materials to be shipped to western Austria has allegedly created such a backlog of goods in storage that the Austrian

Government will protest to the Soviet High Commissioner.

Soviet enterprises in Austria have reportedly been ordered to step up their deliveries to the East, and plans are believed to be under discussion for the exchange of "surplus" crude oil from Zistersdorf for Ruhr industrial products. Soviet buyers have been directed to secure increased quantities of commercial and special steels through Austrian channels. They have reportedly offered record prices

Comment: While interference by the USSR in Austrian trade has heretofore been negligible, recent Soviet efforts to secure larger allocations of raw materials have been coupled with warnings to Austria that interzonal controls might be enforced. The delays in issuing permits could also be a warning to the Austrian Government to modify its semi-official campaign against Soviet enterprises in Austria.

6. Portugal may play important role in forthcoming Spanish talks with United States:

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for aluminum.

The American Embassy in Madrid believes that the favorable response in the Spanish press to Portuguese Foreign Minister Cunha's appeal for a tripartite agreement among

Portugal, Spain, and the United States may indicate that Portugal will bulk larger during the forthcoming US-Spanish military negotiations than had been anticipated. The Spanish press hailed Cunha's appeal as the "most affirmative" development of the North Atlantic Council meeting in Lisbon.

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Comment: Cunha has taken advantage of the latest NATO meeting to reiterate his government's pessimistic viewpoint with regard to adequate NATO safeguards against Soviet agression based on any line except the Pyrenees. Portugal has complicated its NATO contributions by insisting on the need to reserve the bulk of Portuguese land forces for defense of the Iberian peninsula.

Joint Portuguese-Spanish support for the Pyrenees line concept could be anticipated from Cunha's remarks. This campaign in the Spanish press will furnish ammunition to the Franco regime in any attempt to justify substantial economic and military assistance from the United States with only minimum Spanish commitments beyond the Pyrenees.